



**CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING**

#19-0992

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: November 19, 2019

TITLE: Motion Authorizing Purchase of Reinsurance for Self-Funded Medical Plan
- Cigna Health and Life Insurance Company - \$1,094,682 - **(Commission
Districts 1, 2, 3 and 4)**

Recommendation

It is recommended that the City Commission approve the purchase of a one-year reinsurance policy with a stop-loss level of \$350,000 for the self-funded medical plan from Cigna Health and Life Insurance Company (Cigna), at a rate of \$49.31 per subscriber, per month, in an estimated total cost of \$1,094,682.

Background

The City of Fort Lauderdale's self-funded medical plan design includes a fully insured specific reinsurance policy that covers all incurred medical and pharmacy claims in excess of a designated amount per member per calendar year. This coverage is also known as a specific stop loss policy. These reinsurance policy premiums are only guaranteed for one year at a time and renewals are based on local industry medical cost trends, policy experience, and an insurance company's overall experience in their reinsurance pool.

The City of Fort Lauderdale's current reinsurance policy is underwritten by Cigna and will expire on December 31, 2019. Inasmuch as the competitive solicitation and selection process is inapplicable to the purchase of insurance and insurance-related products pursuant to Section 3 of Ordinance No. C-19-11, which amended Subsection 2-176(d), Code of Ordinances of the City of Fort Lauderdale, Florida, the City's employee benefits consultant, The Rhodes Insurance Group, Inc., after marketing this insurance last year and receiving no real viable quotes, negotiated with the current vendor, Cigna. Cigna offered the same premium rate as the current year of \$49.31 per subscriber, per month, but with an increase in the stop loss level from \$325,000 to \$350,000. The total estimated premium of \$1,094,682 is based on enrollment of 1,850. If the enrollment number increases throughout the Plan Year, the total premium will have to be increased. This policy is for the period of January 1, 2020 through December 31, 2020. The Insurance Advisory Board reviewed and recommended approval of this item at its October 2, 2019 meeting.

Staff, and by recommendation from the Insurance Advisory Board and the City's employee benefits consultant, requests City Commission approval for the purchase of reinsurance from Cigna Health and Life Insurance Company in the estimated amount of \$1,094,682.

Resource Impact

There will be an estimated fiscal impact to the City in the amount of \$1,094,682 for this contract of insurance.

<i>Funds available as of October 31, 2019</i>					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
545-INS220101-5130	Self-Insured Health Benefits	Non-Oper Exp/Health Insurance Administration	\$33,495,275	\$30,935,954	\$1,094,682
TOTAL AMOUNT ►					\$1,094,682

Strategic Connections

This item supports the *Press Play Fort Lauderdale 2024 Strategic Plan*, specifically advancing the Internal Support Focus Area

- Goal 8: Build a leading government organization that manages all resources wisely and sustainably.
- Objective: Maintain financial integrity through sound budgeting practices, prudent fiscal management, cost effective operations, and long-term planning.

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We Are United*.

Attachments

Exhibit 1 – Consultant's Summary & Recommendation

Exhibit 2 – Premium Analysis

Exhibit 3 – Terms and Conditions

Exhibit 4 – Reinsurance (Stop Loss) Policy

Exhibit 5 – Amendment to Reinsurance (Stop Loss) Policy

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